WLR March 3: Legislature Considers VLCT Priorities Before Town Meeting Week Recess

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Happy Town Meeting Day eve! This issue of the *Weekly Legislative Report* features a last-minute Budget Adjustment Act showdown, the status of Open Meeting Law clean-up and Local Option Tax reforms, and more.

Make the Most of Town Meeting Week

We need your help talking to legislators about our top priorities. Check out our Town Meeting Week Advocacy Guide(opens in a new tab) for tips and tricks for how to set up effective advocacy conversations in the week ahead – and to review the status of VLCT's top bills for this session.

Budget Adjustment Act

On Friday afternoon, representatives and senators on the Appropriations conference committee voted to approve the legislature's FY25 Budget Adjustment Act (BAA), but not without some eleventh-hour drama. The final bill makes significant additional investments in housing and judiciary, includes grants for flood-affected communities, and maintains the status quo for the General Assistance Motel Program through June 30. The House is expected to take its final vote on the bill when they reconvene Tuesday March 11, and, as reported last week(opens in a new tab), Governor Scott could then use his first veto of the session to send the BAA back to lawmakers.

General Assistance Showdown

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Earlier last week Senate Republicans and the Scott Administration indicated a potential veto over opposition to the House's action to include $1.8 million for the General Assistance Cold Weather shelter program (GA program) and over $10 million in funding to the Vermont Housing and Conservation Board. The GA program is currently sheltering more than 1,400 Vermonters in motels, including more than 400 children. Without the extension, households would begin to be forced out on April 1. House members have said the short-term extension is necessary to keep children sheltered within their school districts through the end of the academic year.

On Friday morning, Secretary of Administration Sarah Clark presented the committee conferees with a compromise proposal(opens in a new tab) to instead offer municipalities up to $2.1 million in block grants with a minimum amount of $50,000 per municipality. According to Clark, cities and towns could choose to administer their own motel pools, create emergency shelter, or launch other homeless services programs for the households leaving motels on April 1 – but without any help from the Agency of Human Services. During her testimony, Clark conceded that the Administration had not yet consulted with municipal leaders regarding the proposal and claimed that it offered municipalities "maximum flexibility". Clark also suggested that some municipalities could take on a regional service role and coordinate with neighboring communities.

Senate Appropriations Committee Chair Andrew Perchlik called VLCT's Municipal Policy and Advocacy Specialist Samantha Sheehan to respond on behalf of local governments – an unusual practice for conference committees. Samantha testified to the impracticality of the Administration's

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plan, which would give municipalities less than two weeks (immediately following town elections) to accept grants and launch new shelter programs, all without coordination from AHS district staff and case managers. Samantha made VLCT's position clear that **the authority and responsibility to provide human services belongs to state government**, adding "Some time ago, the Legislature and state government as a whole made that decision to remove those resources and authorities from local government and to take over the administration of human services, and that is how it is now. We are not open to reconsidering that on the fly today."

Ultimately, the committee agreed with VLCT's position and rejected Governor Scott's proposal to hand off the winding down of the GA program to municipal government.

You can watch the online video of the final round of BAA discussions(opens in a new tab) including VLCT's testimony. The conference committee reconvened less than hour later to pass the budget adjustment act without the $2.1 million in municipal block grants, with only Republican Senator Randy Brock voting against it.

More Funding for Flood Damaged Municipalities in BAA

While tensions were high leading up to final passage of the BAA, it wasn't all bad. The final bill will include an additional $1.8 million in grants to municipalities that experienced damage in the July 2024 flood. VLCT had previously testified in favor of Senate action(opens in a new tab) to include the

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grants, which are modeled after similar state funding made available following the 2023 floods. The grants will provide flexible money to communities, many of which are still struggling to manage cash flow and debt service for emergency borrowing(opens in a new tab) while waiting for FEMA reimbursements. FEMA has awarded Vermont more than $100 million for 2023 flooding and $10 million for 2024 damage. Two thirds of the municipalities impacted in July 2024 were also impacted in July 2023.

Local Option Tax Making News

Local Option Taxes are both on the ballot and in the headlines in the lead-up to Town Meeting Day. Vermont Public reported that at least a dozen towns are considering new 1% Local Option Tax(opens in a new tab) on their town meeting ballot this year. Samantha Sheehan explained to reporter Elodie Reed the major factors driving the uptick in towns considering a new LOT this year: rising local budget pressures, growing consumption receipts, new revenue opportunities for rural communities from short-term rentals and online shopping, and a legislative change from last year that will allow non-chartered towns to take up the measure for the first time.

VLCT Executive Director Ted Brady also responded in a recent WCAX piece (opens in a new tab), saying "There is definitely more pressure. Municipalities that can do so are looking to the local option tax to reduce property tax burden."

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While only 20-30% of property taxes go to supporting municipalities, most of the public services and infrastructure that Vermonters rely on is paid for from local budgets. As Samantha told Vermont Public, "Clean drinking water, sewer, safe sidewalks that everyone can use, trail networks … All of that is maintained by municipal government."

VLCT Testimony for New LOT Formula and PILOT Fund Disbursements

VLCT testified last week to the House Ways and Means Committee(opens in a new tab) in favor of H.164(opens in a new tab), which would adjust the state withholding formula down to 80/20 to keep more LOT revenue in local budgets and distribute the $10.3 million PILOT surplus back to the municipalities that raised the funds. The surplus is likely to grow by another $4 million this year, and that's before adding any of the towns considering a new LOT for FY26.

VLCT also testified favorably for the governor's proposal to use $1 million of the PILOT surplus to support municipalities that have lost local revenues due to flood buyouts. Continuing funding for the buy-out program is a top priority for VLCT this legislative session, and about one-quarter of the communities with recent buyouts also have adopted LOT. Several, including Barre, Montpelier, and Berlin, are PILOT eligible, LOT revenue contributing, and have had a significant number of flood buyouts. The $1 million in funding would cover the lost municipal share of grand list revenue for a period of five years, while communities can work towards housing development to restore property tax revenue.

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Open Meeting Law Cleanup

The Senate Committee on Government Operations has begun hearing testimony for S.59(opens in a new tab), an act relating to amendments to Vermont's Open Meeting Law. VLCT joined other organizations, including VHFA and VEDA, in requesting further amendments to the bill to better enable compliance for public bodies. VLCT member John Potter, the Town Manager for Brattleboro, also testified(opens in a new tab) in favor of an exemption for Brattleboro's unique Representative Town Meeting (starting at 14:28 in the recording). Despite having the support of the Windham County Senate delegation, some senators seemed skeptical of the Town's request to avoid remote voting for the more than 180 representatives of their annual meeting.

The VLCT advocacy team submitted a long list of requested technical changes(opens in a new tab) to the committee (starting at 8:45 in the recording) in response to a number of questions, concerns, and complaints from members following last year's reforms. Committee members were generally receptive to VLCT's testimony, and we are hopeful that the Senate will move the bill before the March 14 legislative deadline.

Stay Involved

A number of bills of high interest for VLCT have been introduced, and our advocacy team has already testified more than a dozen times. There will be many more opportunities for you to help Josh and Samantha in VLCT's

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advocacy work. Remember to register and attend our **bi-weekly Advocacy Chats**(opens in a new tab)**,** which are held via Zoom every other Monday at 1 PM.

- You can find (and share) this legislative report and future reports and alerts on our main Advocacy webpage(opens in a new tab).

- To support VLCT's advocacy work; participate in policy development, testimony, and legislative actions; or just learn more, reach out to Josh and Samantha by email at jhanford@vlct.org(opens in a new tab) and ssheehan@vlct.org(opens in a new tab).

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